

FINAL APPROVED
BY BOARD 10.28.14

MINUTES
KANSAS BIOSCIENCE AUTHORITY
Board of Directors Meeting

Tuesday, July 29, 2014
8:00 a.m. - 2:00 p.m.
Offices of the Kansas Bioscience Authority
Olathe, KS

Call to Order: A quorum being present, a meeting of the Board of Directors of the Kansas Bioscience Authority was called to order at 8:05 a.m. on July 29, 2014 by Chairman Dale Rodman. Mr. Ken Buchele, Mr. Earl McVicker, Mr. S. J. Schaub, Mr. Robert Smith, Mr. Jerry Boettcher, Mr. Pat George, and Mr. Kenny Wilk were in attendance. Mr. Lee Borck and Mr. David Murfin did not attend. KBA staff in attendance included Mr. Duane Cantrell, Mr. Kevin Lockett, Mr. John Peryam, Mr. Tony Simpson, Dr. Tom Krol, Mr. Keith Harrington, Ms. Ruth Saale, Ms. Julie Sailors, Ms. Stephanie Meyer, Ms. Mary Cummings, Mr. Gary Micheel, and Ms. Marsh LoScalzo.

Review and Approval of Minutes: Chairman Rodman introduced the agenda item of approval of minutes of the April 29, 2014 Board of Director's Meeting.

Motion: Upon motion by the Mr. Buchele and seconded by Mr. McVicker, the minutes of the April 29, 2014 Board of Director's Meeting were unanimously approved.

Audit Report: Mr. Lockett updated the Board on the current audit being conducted by the KBA's new auditors, Mayer Hoffman McCann, P.C. Although still underway, Mr. Lockett reported that the transition to the new audit firm had thus far been smooth with no material difficulties having arisen.

Venture Accelerator Report: Mr. Lockett next updated the Board on the general occupancy rates of the Venture Accelerator. Occupancy rates rose across the board compared to last quarter: office space rose to 86% (from 82%) and laboratory space rose to 38% (from 31%). The overall occupancy rate for the Venture Accelerator rose 71% during this time period, up from 66%. The then Board discussed how to increase occupancy levels for the Venture Accelerator, especially with respect to laboratory space.

Executive Session:

Motion: Mr. Schaub moved that the Board of Directors the Kansas Bioscience Authority recess into executive session pursuant to K.S.A. 74-99b07 to discuss financial and operational information and related material of the Authority as it relates to the marketing and operational strategies of the Authority which, in the opinion of the Board, would be harmful to the competitive position of the Authority if disclosed. The executive session will commence at 8:30 a.m. and continue for 3 hours. The Board will reconvene in open session at 11:30 a.m. in this conference room.

Included in the executive session will be the members of Board, KBA Staff in attendance, and whomsoever else the Chair invites. The motion was seconded by Mr. George and unanimously approved.

Return to Open Session: The Board reconvened in open session at 11:30 a.m. at which time a motion was made to extend the executive session until 12:00 p.m. The motion was seconded and unanimously approved.

Return to Open Session: The Board reconvened in open session at 12:00 p.m. at which time a motion was made by to extend the executive session until 12:20 p.m. The motion was seconded and unanimously approved.

Return to Open Session: The Board reconvened in open session at 12:20 p.m. at which time a motion was made by to extend the executive session until 1:00 p.m. The motion was seconded and unanimously approved.

Return to Open Session: The Board reconvened in open session at 1:00 p.m. at which time a motion was made by to extend the executive session until 1:20 p.m. The motion was seconded and unanimously approved.

Return to Open Session: The Board reconvened in open session at 1:20 p.m. at which time a motion was made by to extend the executive session until 1:45 p.m. The motion was seconded and unanimously approved.

Return to Open Session: Following Executive Session, the Board of Directors reconvened in open session at 1:45 p.m.

Approval of Modification to KBA's Investment Policy: Mr. George moved that Board of Directors accept the recommendations of the Investment Committee and approve changes to the KBA's Investment Policy as discussed by the Board in Executive Session. The motion was seconded by Mr. Smith and unanimously approved.

Approval of Modification of Investment Milestone: Mr. George moved that the Board of Directors (1) accept the recommendation of the Investment Committee and approve modification of a previously set investment milestone for Company A, as more specifically discussed by the Board of Directors in executive session (the "Milestone Modification") and (2) direct the KBA's management team to negotiate, execute, and deliver all contracts, agreements, and other documents as are necessary, advisable, or appropriate, in the opinion of the KBA's management team, to facilitate the Milestone Modification. The motion was seconded by Mr. McVicker and unanimously approved.

Approval of Follow-On Investment: Mr. George moved that the Board of Directors (1) accept the recommendations of the Investment Committee and approve a follow-on investment in Company B in the amount of \$X, as more specifically discussed by the Board of Directors in executive session (the "Add-On Investment") and (2) direct the KBA's management team to negotiate, execute, and deliver all contracts, agreements, and other documents as are necessary, advisable, or appropriate, in the opinion of the KBA's management team, to facilitate the Add-On Investment. The motion was seconded by Mr. Schaub and unanimously

approved.

Financial Report: Chairman Rodman introduced the agenda item of the May 2014 financial report and Mr. Lockett presented same. Highlights included:

- Review of cash and investments.
- Review of cash in/out.
- Review of year-to-date revenues/expenses.
- Review of commitments and payments by commitment.
- Review of funds authorized and committed.

Other Business: There was no other business brought before the meeting.

Adjournment: Upon motion by Mr. George, being seconded by Mr. Schaub and unanimously approved, the meeting was adjourned at 1:52 p.m.